



# Texas

## Benefits From Exports

Texas export sales of merchandise in 2000 totaled \$69 billion, up by more than 22 percent from 1997 and nearly double the 1993 total of \$36 billion.

Texas exports, buoyed by the North American Free Trade Agreement, have recently grown much faster than overall U.S. exports of goods. In 2000, Texas posted the second largest export total of any state.

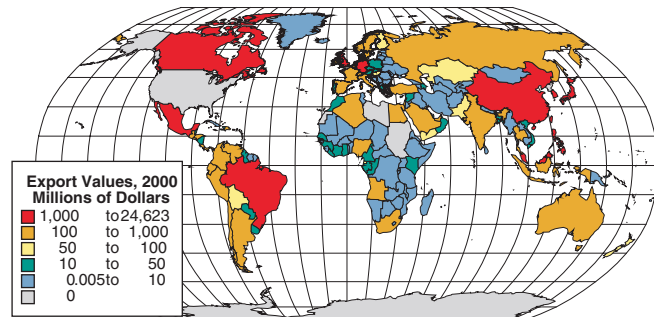
Texas exports goods globally to 211 foreign destinations. The state's leading markets, by far, are the NAFTA countries of Mexico (36 percent of 2000 exports) and Canada (15 percent). Other top markets are Japan, South Korea, the United Kingdom, Taiwan, the Philippines, Singapore, and Brazil.

Texas' biggest growth market, in dollar terms, is Mexico. From 1997 to 2000, export sales to Mexico increased from \$18.9 billion to \$24.6 billion. Texas also posted big dollar gains in sales to Canada, the Philippines, South Korea, Japan, Thailand, and Taiwan.

The state's leading export category is computer and electronic products, which alone accounted for 35 percent—more than one-third—of Texas' total exports in 2000. Other top exports are chemicals; industrial machin-

### TEXAS EXPORTED GOODS WORTH \$68.7 BILLION TO 211 FOREIGN MARKETS IN 2000

Dollar Value of Texas' Merchandise Exports to Foreign Markets, 2000



Source: U.S. Department of Commerce, Exporter Location Series.

ery; transportation equipment; petroleum and coal products; and electrical equipment, appliances, and parts.

Within Texas, Houston posted 1999 export sales of \$19 billion—the most of any Texas metropolitan area and nearly one-third of the state total. Houston was followed by Dallas, El Paso, and Austin–San Marcos.

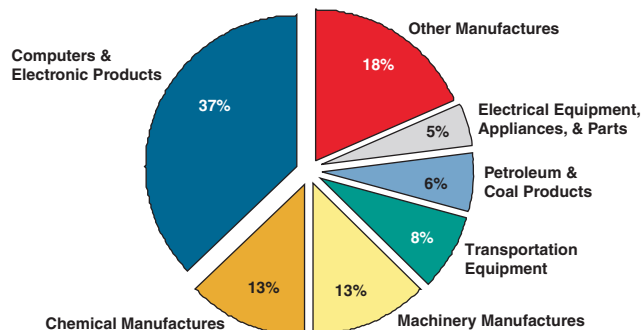
Seven Texas metro areas more than doubled their exports from 1993 to 1999. Cities that recorded the fastest export growth were San Antonio, Sherman–Denison, Austin–San Marcos, and El Paso.

## Exports Support Good Jobs

Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by goods exports range 13–18 percent higher than the national average. Export-related jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable non-exporting plants.

In 1997 (latest available data), Texas depended on manufactured exports for nearly 612,000 jobs—the second-highest total of any state. Export-supported jobs accounted for an estimated 8.1 percent of Texas' total private sector employment.

### TEXAS EXPORTS A WIDE RANGE OF MANUFACTURES: \$65.3 BILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

Manufactured exports supported about 196,200 jobs—roughly one out of every five workers—in Texas manufacturing industries. Manufacturing sectors with the most export-related jobs were computers and electronic products, fabricated metal products, machinery, chemicals, and transportation equipment.

Exports of manufactured goods also indirectly supported 415,400 jobs in the state's nonmanufacturing industries. These industries supply manufacturers with a wide range of inputs needed to produce goods for export.

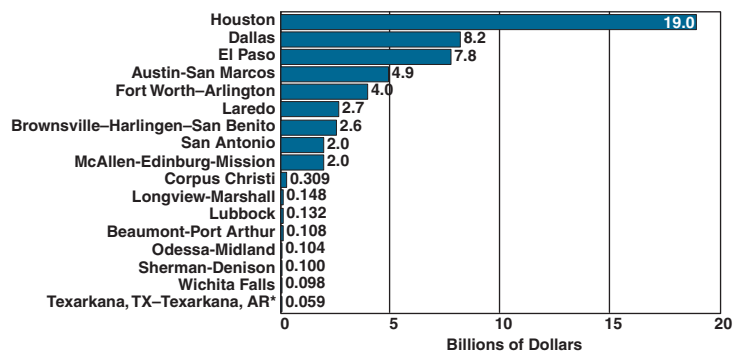
## Exports Help Small Business

Exports have broadly benefited Texas businesses—both large and small. A total of 17,371 companies exported from Texas locations in 1998. Just over 88 percent of these companies, accounting for 36 percent of the state's total exports, were small and medium-sized firms that had fewer than 500 employees. In fact, 78 percent of all Texas exporters were small firms with less than 100 workers.

## Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers

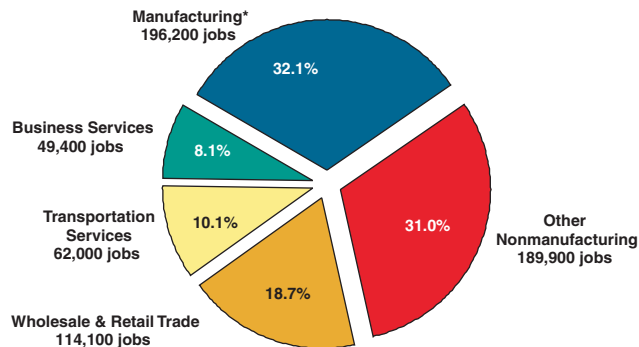
**NINE TEXAS METRO AREAS POSTED EXPORTS OF \$2 BILLION OR MORE IN 1999**



\*This metro area partially overlaps into an adjacent state.

Source: U.S. Department of Commerce, Exporter Location Series.

**611,600 TEXAS JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997**



\*Includes 7,100 jobs tied to exports of processed foods.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

### TRADE PROMOTION AUTHORITY—KEY TO OPENING WORLD MARKETS

*U.S. Trade Promotion Authority (also known as TPA or "fast track") is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.*

*Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.*

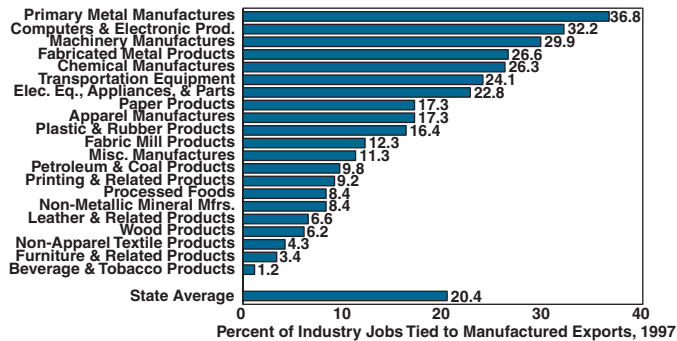
*TPA preserves the ability of the United States to protect public health, safety, and the environment.*

through free trade agreements. The United States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

## Texas Industries Can Gain From Trade Negotiations

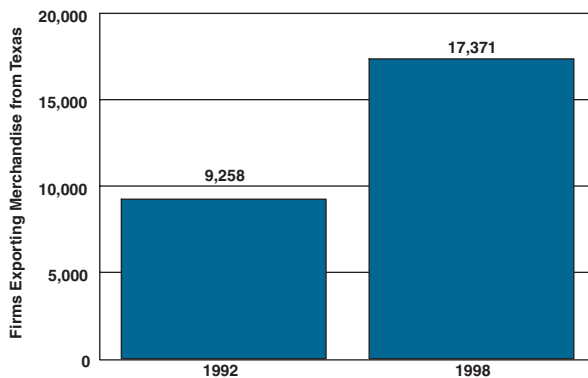
Texas exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit Texas businesses across many industrial sectors.

### MORE THAN ONE-FIFTH OF MANUFACTURING JOBS IN TEXAS WERE TIED TO EXPORTS IN 1997



Note: In 1997, 20.4 percent of the 959,700 manufacturing jobs in Texas were tied to manufactured exports—some 196,200 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process.  
Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

### THE NUMBER OF COMPANIES EXPORTING FROM TEXAS ROSE 88 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

**Information technology.** Texas is the home of many high-tech companies and benefits from the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets remain as high as 30 percent.

Beyond tariffs, IT products also face such nontariff restrictions as redundant testing and certification requirements. U.S. suppliers, including those in Texas, would likely see sales rise if remaining barriers on IT products were eliminated. Heavy investment in research and development, which drives IT growth and employment, can only be sustained with expanding markets that spread R&D investments over a growing sales volume. Foreign markets are thus increasingly important to any R&D-based products, given the limits of domestic demand.

**Chemicals.** Texas exports a variety of chemical products. TPA would allow the United States to build on duty reductions established under the Uruguay Round Chemical Tariff Harmonization Agreement (CTHA), which reduced tariffs to harmonized low levels on a range of products from fertilizers to plastics. Since the end of the Uruguay Round, more advanced developing countries, most of which do not participate in the CTHA, have become increasingly important chemical producers. Tariffs in Asian countries outside the CTHA range up to 60 percent. New negotiations would offer the opportunity to address tariff disparities and the many nontariff barriers facing the chemical industry, including discriminatory product registration, testing/certification, and import licensing requirements.

**Industrial machinery.** Further reductions in tariff and nontariff barriers through new negotiations would greatly expand opportunities for Texas' machinery exports. While the state's industrial machinery exporters have benefited from tariff reductions in previous trade agreements, the industry continues to face barriers in many markets throughout the world. For example, tariffs on industrial machinery are as high as 30 percent in Brazil and India. This sector also suffers from the many import restrictions maintained in potentially lucrative markets, including nontransparent and preferential government procurement practices, deficiencies in intellectual property protection, investment barriers, and the increasing use of standards

### TEXAS: WHY TRADE PROMOTION AUTHORITY?

*Trade Promotion Authority is critical for removing remaining barriers to exports of Texas goods and services.*

*Texas exporters still face major trade barriers in such sectors as information technology, chemicals, machinery, and agriculture.*

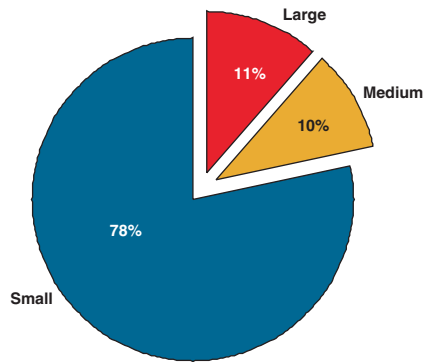
*With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.*

*Texas' economy is export-dependent, with export sales of \$3,297 for every state resident.*

*Nearly 612,000 Texas jobs depend on exports of manufactured goods.*

*17,371 companies—including 15,000 small and medium-sized businesses—export from Texas.*

**88 PERCENT OF TEXAS' 17,371 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES**



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.  
Source: U.S. Department of Commerce, Exporter Data Base.

as nontariff barriers to trade. In addition, restrictions on the ability to provide after-sales service greatly inhibit market access for U.S. manufacturers of complex machinery.

**Agriculture.** Texas is a major producer and exporter of agricultural products. According to the U.S. Department of Agriculture, Texas farm cash receipts totaled \$13.1 billion in 1999, and it was the sixth largest agricultural exporter, with exports of \$2.5 billion. Since 1991, the state's reliance on agricultural exports has ranged from 19 percent to 27 percent as measured by export's share of farm cash receipts. Texas top agricultural exports are live animals and red meats, cotton, feed grains and products, wheat and products, and feeds and fodders.

Texas already benefits from past trade agreements. Under NAFTA, Mexico eliminated its 15 percent tariff on live slaughter cattle and its 20–25 percent tariffs on chilled/frozen beef. Mexico also phases out its 10 percent tariff for cotton by 2003. However, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide. Negotiations in the FTAA would provide the opportunity to address these barriers in our hemisphere, complementing broader efforts in the World Trade Organization agriculture negotiations to open global markets and further liberalize agricultural trade.

**Services.** Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in

services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

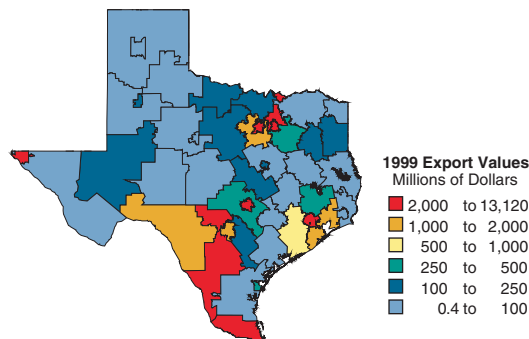
## Imports Also Important to Texas

While exports generate clear benefits for the Texas economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an

end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in Texas, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in Texas with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

## EXPORTS ARE SOLD FROM ALL OVER TEXAS

Texas' Merchandise Exports by Three-Digit Zip Code, 1999



Note: Total Texas merchandise exports in 1999 were \$61.7 billion.  
Source: U.S. Department of Commerce, Exporter Location Series.